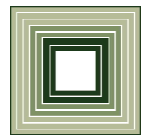


# **Previous State Borrowing Through Tax Anticipation Notes (TANs)**

**Rodney Bizzell  
Fiscal Research Division  
Revenue Laws Study Committee  
December 1st, 2010**



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Tax Anticipation Notes

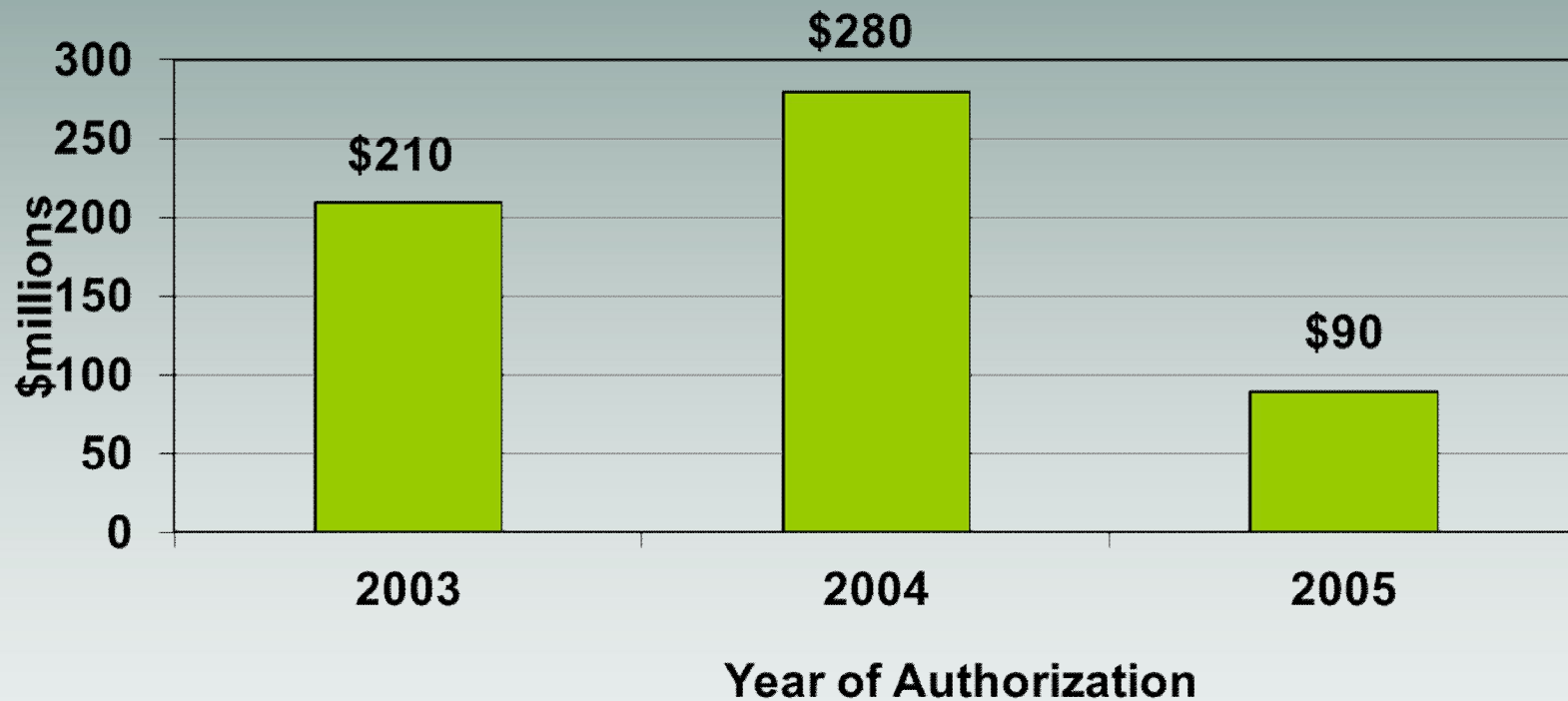
- Authority found in NC Constitution Article 5 Section 3 and NC GS 142-19
- Budget Director may authorize and direct the State Treasurer to borrow
- Budget Director must have consent of Governor and Council of State authorization
- Carries GO pledge
- Limited to 50% of anticipated taxes to be collected during the fiscal year

Source: Department of State Treasurer

# Employment Security Commission Borrowing

- In 2003, the Unemployment Security Commission (ESC) requested that the Council of State approve Tax Anticipation Note financing to re-pay federal loans.
- Borrowing also occurred in 2004 and 2005.
- Interest on the notes varied between 1.1% and 3.1% and were lower than federal rates
- Borrowing resulted in savings of \$14 million.

# Tax Anticipation Notes Issued for Employment Security Commission



Source: Department of State Treasurer



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